



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and
Energy Reliability

ENERGY ASSURANCE DAILY

Wednesday, May 10, 2006

Electricity

DTE's 1,111 MW Unit 2 at its Fermi Nuclear Plant in Illinois Reduced May 10

A leaking fuel rod forced DTE to reduce power at the unit to about 65 percent of capacity while the problem is investigated.

Reuters, 14:04 May 10, 2006

Update: SCE's 1,080 MW Unit 3 at its San Onofre Nuclear Plant in California Up to 20 Percent May 10

The unit had been shut since March 29 to inspect and repair equipment.

Reuters, 07:26 May 10, 2006

LS Power's 739 MW Moss Landing Gas-fired Unit 6 in California Back on Line by May 15

The unit has been shut to allow examination of equipment.

Reuters, 22:40 May 9, 2006

LS Power's 260 MW Moss Landing Gas-fired Unit 1 in California Shut May 8

Reuters, 08:05 May 10, 2006

AES's 225 MW Huntington B Gas-fired Unit 1 in California Shut May 9

Reuters, 08:05 May 10, 2006

SCE's 285 MW Mountainview Gas-fired Unit 4 in California Shut May 8

Reuters, 08:05 May 10, 2006

SCE's 285 MW Mountainview Gas-fired Unit 3 in California Shut May 9

Reuters, 08:05 May 10, 2006

Petroleum

U.S. Gasoline Imports Hit Record High - EIA

According to the Energy Information Administration, gasoline imports to the United States reached 1.649 million b/d last week, the highest level ever. U.S. refinery production has been at below normal levels for months due to hurricane damage and heavy maintenance work this spring.

Reuters, 10:54 May 10, 2006

Update: Refinery Maintenance Ending Signals Boost in Gasoline Production

According to testimony delivered by EIA Deputy Administrator Howard Gruenspecht, by the middle of the month, as the heavy winter maintenance schedules at U.S. refineries come to an end, and as refineries damaged by last year's hurricanes come back on line, production at U.S. refineries should improve substantially. Production that has been unavailable due to refinery maintenance alone equates to as much as 500,000 b/d of gasoline.

Reuters, 10:34 May 10, 2006

EPA Says Waivers Not Needed at this Time for Texas

Although Texas has not requested a waiver, the U.S. Environmental Protection Agency has indicated that a waiver from the clean gasoline rules is not needed at this time in Texas.

Reuters, 12:27 May 10, 2006

EIA Concerned About RBOB Inventory Levels

The Energy Information Administration has said that it is worried about the level of U.S. inventories of reformulated blendstock for oxygenate blending (RBOB) available to make reformulated gasoline (RFG) this summer. RBOB is blended with oxygenates such as MTBE or ethanol to make finished RFG.

Reuters, 13:24 May 10, 2006

Eliminating Ethanol Tariff Could Increase Imports by 10,000-20,000 b/d - EIA

According to the Energy Information Administration, ethanol imports could increase by 10,000 to 20,000 b/d in the short term if the U.S. tariff on imports of the fuel additive was removed. The U.S. currently imports 22,000 b/d of ethanol and is forecast to consume 9.4 million b/d of gasoline this summer.

Reuters, 12:59 May 10, 2006

Ethanol Plant Construction to Begin This Summer in Upstate New York

The construction of New York's first dry mill ethanol plant is scheduled to begin late this summer in Orleans County, New York. The plant, which is scheduled to begin production in January, 2008, will supply 50 million gallons of the fuel per year.

http://www.auburnpub.com/articles/2006/05/09/news/local_news/news04.txt

ConocoPhillips' 263,000 b/d Bayway Refinery in New Jersey Reduces Output

According to traders, the company cut rates at the refinery because of a problem with the catalytic cracker. The refinery has a cat cracking capacity of 145,000 b/d.

Reuters, 13:19 May 10, 2006

Valero's 243,000 b/d Texas City Refinery in Texas Reduces Output

Production of distillate is expected to be reduced by 40,000 b/d and production of gasoline by 15,000 b/d. The reduced rates will be in effect for 7 day while the company works on the coking unit.

Reuters, 13:20 May 10, 2006

Corrosion Causes Shut-Down of Two Pipelines on Alaska's North Slope

Internal corrosion, which caused a large spill earlier this year, is also causing two oil pipelines to shut down at Prudhoe Bay oil field in North Slope, Alaska. Both pipelines had been treated with corrosion inhibitors, but that could not ultimately solve the problem. The pipelines, which were responsible for the flow of 22,000 barrels, may be replaced as early as 2007.

http://biz.yahoo.com/ap/060509/pipeline_corrosion.html?.v=2

Noble Energy's Lorien Field Reaches Full Production at 19,000 b/d in Gulf of Mexico

The Lorien field began production on April 27, and today, it has reached its target of 19,000 b/d of oil and 25 MMcf/d of natural gas production.

<http://biz.yahoo.com/prnews/060509/datu046.html?.v=47>

Nigeria's Bonny and Qua Iboe Crude Loading to Fall 8 Percent in June

According to loading schedules, shipments of two varieties of the benchmark crude will fall by 8 percent, further reducing Nigerian output which has already been curtailed by 20 percent due to rebel attacks. U.S. demand for West African crude normally climbs during the summer driving season. Nigeria supplied the 7.9 percent of U.S. oil imports in 2005.

Reuters, 08:43 May 10, 2006

Baker Hughes Executive Assassinated in Nigeria; Company Evacuates Staff

A U.S. executive working for Baker Hughes, an oil services company which contracts with oil majors, was shot dead in an apparently planned assassination near the oil city of Port Harcourt in Nigeria. As a precautionary measure, Baker Hughes has pulled its staff out of Port Harcourt to Lagos.

Reuters, 13:18 May 10, 2006

Oil Drilling Halted During Conversion to Joint Venture Agreements in Venezuela

According an industry document obtained by Dow Jones, none of the foreign oil companies participating in the Venezuela's 32 production sharing agreements conducted either workover or drilling activities in March while they were preparing to convert their contracts to joint venture agreements giving state oil company PdVSA the majority stake. The halt in drilling is viewed as particularly disturbing because the country's production has been declining in recent years; in March, accumulated output from the 32 fields was 465,202 b/d, reflecting a 7.8% decrease since July of 2005. To make up for the country's growing production shortfall and avoid defaulting on contracts, Venezuela is purchasing 100,000 b/d of crude oil from Russia until the end of the year. Venezuela's Oil Minister Rafael Ramirez said the output will rise now that PdVSA has majority control.

<http://www.marketwatch.com/News/Story/Story.aspx?dist=newsfinder&siteid=google&guid=%7BFBA36D6C-A0FA-4C1D-A60B-3FCF813775F0%7D&keyword=>

<http://news.ft.com/cms/s/1d5dfe3a-d653-11da-8b3a-0000779e2340.html>

Natural Gas

Nothing to report.

Other News

NRC Gives Environmental Approval to New Uranium Enrichment Plant in Ohio

The U.S. Nuclear Regulatory Commission has determined that USEC's proposed uranium enrichment plant in Piketon, Ohio would not harm the environment. Pending further regulatory approval, USEC plans to have the plant in service by 2010.

Reuters, 11:14 May 10, 2006.

Energy Prices

U.S. Oil and Gas Prices			
May 10, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	72.15	72.30	51.76
\$/Barrel			
NATURAL GAS			
Henry Hub	6.50	6.56	6.67
\$/Million Btu			

Source: Reuters

Energy Notes

NEI Begins Nuclear Industry Program for Radiation Protection Beyond NRC Regulations

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6655620

EIA Releases 2006 Short-Term Energy Outlook

<http://www.eia.doe.gov/steo>

Kerr-McGee Authorized with Additional Funds to Expedite Drilling in Utah

http://biz.yahoo.com/ap/060509/kerr_mcgee_corp_mover.html?.v=1

Iraqi Oil Minister: Crude Exports Expected to Remain at 1.6 million b/d Till Year End

Reuters, 09:25 May 10, 2006

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: ead@oe.netl.doe.gov